



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION AND ORDER

EB-2017-0196

HYDRO ONE NETWORKS INC.

FESTIVAL HYDRO INC.

Joint Application for Elimination of Load Transfer Arrangements

BY DELEGATION, BEFORE: Brian Hewson
Vice President
Consumer Protection and Industry Performance

June 15, 2017

INTRODUCTION AND SUMMARY

Hydro One Networks Inc. (Hydro One) and Festival Hydro Inc. (Festival Hydro) have jointly applied to the Ontario Energy Board (OEB) for approval to amend the service areas of both distributors such that load transfer arrangements between the two distributors are eliminated. A load transfer arrangement is a situation in which a customer located in the licensed service area of one distributor (the geographic distributor) is physically served by another distributor (the physical distributor).

The application is granted, as set out in this Decision and Order.

THE PROCESS

This Decision and Order is being issued without a hearing by Delegated Authority, pursuant to Section 6(4) of the *Ontario Energy Board Act, 1998* (the Act).

THE APPLICATION

Hydro One and Festival Hydro (collectively, the Applicants) filed a joint application on May 11, 2017 under sections 74 and 86(1)(b) of the Act.

The application was filed pursuant to the Distribution System Code (DSC) amendments made by the OEB in EB-2015-0006 and in accordance with the OEB's filing guidelines for combined service area amendments and sale of assets. In EB-2015-0006, the OEB set out its policy on the elimination of load transfer arrangements between electricity distributors in Ontario. On December 21, 2015, section 6.5.3 of the DSC was amended to require distributors to eliminate all load transfer arrangements by June 21, 2017, and section 6.5.6 was amended to prohibit distributors from entering into any new load transfer arrangements.

Through the application, Hydro One seeks to transfer 18 "Residential" and 1 "General Service" customers to Festival Hydro. Hydro One also requests the OEB's approval to sell the distribution assets servicing these customers to Festival Hydro for \$15,502 plus applicable taxes.

Festival Hydro seeks to transfer 19 specific customers of four rate classes to Hydro One. Of these customers, 12 are "Residential", 4 are "General Service", 1 is "MicroFIT" and 2 are "Streetlight" customers. Festival Hydro also requests the OEB's approval to

sell the distribution assets servicing these customers to Hydro One for \$11,837 plus applicable taxes.

The Applicants submit that no assets will be stranded or become redundant, and no third parties will be affected, if the application is approved.

FINDINGS

The OEB finds it to be in the public interest to approve the service area amendments and sale of assets as proposed by the Applicants in order to eliminate the load transfer arrangements between Hydro One and Festival Hydro. Hydro One and Festival Hydro's licences will be amended to reflect the proposed transfer of the affected customers.

As prescribed in section 6.5.4 of the DSC, the affected Residential and General Service customers moving from Festival Hydro to Hydro One shall receive a monthly bill credit to offset the increase in delivery charges. The credit shall be calculated using each customer's average monthly consumption over the most recent 12 months from the application filing date with the OEB. The credit shall be fixed at this calculated level and remain in place as long as the customer remains the account holder.

Hydro One requested a deferral account to record lost revenue resulting from the rate impact mitigation plan as well as any costs involved in the set-up of such a plan. The OEB will allow Hydro One to track these costs in a deferral account. Hydro One shall record these costs in account 1508, Other Regulatory Assets, Sub-account LTLT Rate Impact Mitigation. The disposition of the deferral account will be subject to an OEB determination of prudence, which will occur in the rate setting process.

Hydro One and Festival Hydro are reminded that both geographic and physical distributors shall ensure that all relevant customer information including, but not limited to, information regarding security deposits and consumption is properly transferred to the physical distributor to allow for the continuous billing of customers and the continuous application of Ontario Electricity Support Program (OESP) rate assistance to the bills of eligible customers.

IT IS ORDERED THAT:

1. Schedule 1 of Hydro One Networks Inc.'s Electricity Distribution Licence (ED-2003-0043) is amended. The amended licence is attached to this Decision and Order.
2. Schedule 1 of Festival Hydro Inc.'s Electricity Distribution Licence (ED-2002-0513) is amended. The amended licence is attached to this Decision and Order.
3. Hydro One Networks Inc. is granted leave to sell assets listed in Schedule A (Table 1) to Festival Hydro Inc.
4. Festival Hydro Inc. is granted leave to sell assets listed in Schedule A (Table 2) to Hydro One Networks Inc.

DATED at Toronto June 15, 2017

ONTARIO ENERGY BOARD

Original Signed By

Brian Hewson
Vice President, Consumer Protection and Industry Performance

SCHEDULE A

The assets being transferred between Hydro One and Festival Hydro are listed below:

Table 1 - List of assets being sold by Hydro One to Festival Hydro

Asset Type	Count
Poles	11
Transformers	2
Primary Wire and Neutral (m)	40
Secondary Buss (m)	-
Secondary O/H Wire (m)	760
Secondary U/G Wire (m)	567
Current Transformers	-
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$15,502

Table 2 - List of assets being sold by Festival Hydro to Hydro One

Asset Type	Count
Poles	13
Transformers	2
Primary Wire and Neutral (m)	40
Secondary Buss	-
Secondary O/H Wire (m)	730
Secondary U/G Wire (m)	315
Current Transformers	1
Sentinel Lights	-
Easements	-
Total (\$) before applicable taxes	\$11,837